



The Economics of Obesity in Texas

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FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts, May 2008

MARCH REVENUE (IN MILLIONS): SALES TAX: \$1,652.8 OIL PRODUCTION: \$106.6 NATURAL GAS: \$190.8 MOTOR FUELS: \$248.0 MOTOR VEHICLE SALES: \$271.1 TOBACCO: \$113.7

Your Economic Future is Now

Why have an issue of *Fiscal Notes* dedicated mostly to children's issues? That's easy. Today's kids will have an enormous effect on tomorrow's economy.

In 2006, an estimated 6.5 million Texans under the age of 18 lived in the state. These children will quickly grow to become tomorrow's doctors, engineers, teachers and caregivers.

Texas children will have big roles to fill. For example, the state is working to increase the number of students completing allied health and nursing degrees to 20,300 by 2010 and to 26,100 by 2015. About 17,000 currently earn such degrees annually.

More than 200,000 students are expected to earn bachelor's and associate's degrees and certificates in 2015. Today that number stands at about 150,000.

Our story on obesity, including childhood obesity, addresses what is being done about this significant problem in today's Texas.

Speaking of impact, the education our children receive today will determine their success in tomorrow's demanding occupations. This issue discusses that subject and even presents a smart plan to pay for college.

For more information and resources on Texas Children, visit www.texasahead.com, the Comptroller's one-stop portal to economic resources.

Texans: In Demand

Students get specialized work force training for the jobs ahead.

In Texas, tomorrow's work force will need specialized training and certifications in several fields. To meet employer demands, many Texas high school students are working in career and technology academies to earn professional certifications or even college credit before their graduation.

"When we look at high-demand occupations, no longer is it sufficient to have a strong back and a good heart to earn a good wage," says Diane Rath, former chairman of the Texas Workforce Commission. "Today's employers require specific skills."

About 60 percent of jobs in fields such as welding, manufacturing and automotive and aircraft repair require one to two years of post-secondary training, Rath says, adding that technology has changed the workplace.

"I think there's a lack of understanding in how technical those jobs are," she says. "You need specialized training, especially in computers, to make repairs on modern automobiles. Manufacturing plants in Texas today are very automated with robotics and computerization. And those jobs are available in towns of all sizes around the state."

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Economic Spotlight:

“The Next Big Step in the Evolution of Science”

— An interview with Kelly Kordzik, president of the Texas Nanotechnology Consortium

“Texas doesn’t lag behind California or Massachusetts or anybody else in nanotech research within our universities. We’re at the forefront.”



Kelly Kordzik is president of the Texas Nanotechnology Initiative, a statewide consortium focused on bringing nanotechnology companies, researchers and funding together to encourage the rapid commercialization of nanotechnology in Texas. Nanotechnology involves understanding, manipulating and building structures from individual atoms and molecules to produce everything from lighter, tougher materials for manufacturing to new medical treatments. *Fiscal Notes* recently asked him to discuss the future of this exciting new realm of knowledge and its possible implications for the state.

Fiscal Notes: Could you give us a brief overview of what nanotechnology is, and why it’s becoming important?

Kordzik: Nanotechnology is essentially mankind doing what nature has been doing for eons: creating things from the atom on up to produce things with whatever properties are desired. It’s the ability to engineer the properties we want into materials at the atomic and molecular level. It will be the next big step in the evolution of science and engineering.

FN: So it has the potential to change everything?

Kordzik: Just about. It cuts across all industries. It will affect everything. If you’re in nanotechnology, you’ll be at the forefront of every industry there is. It will be the next wave in our economy, probably for the next hundred years. We’re going to be able to look at everything we’re manufacturing and say, “How can we make it better?”

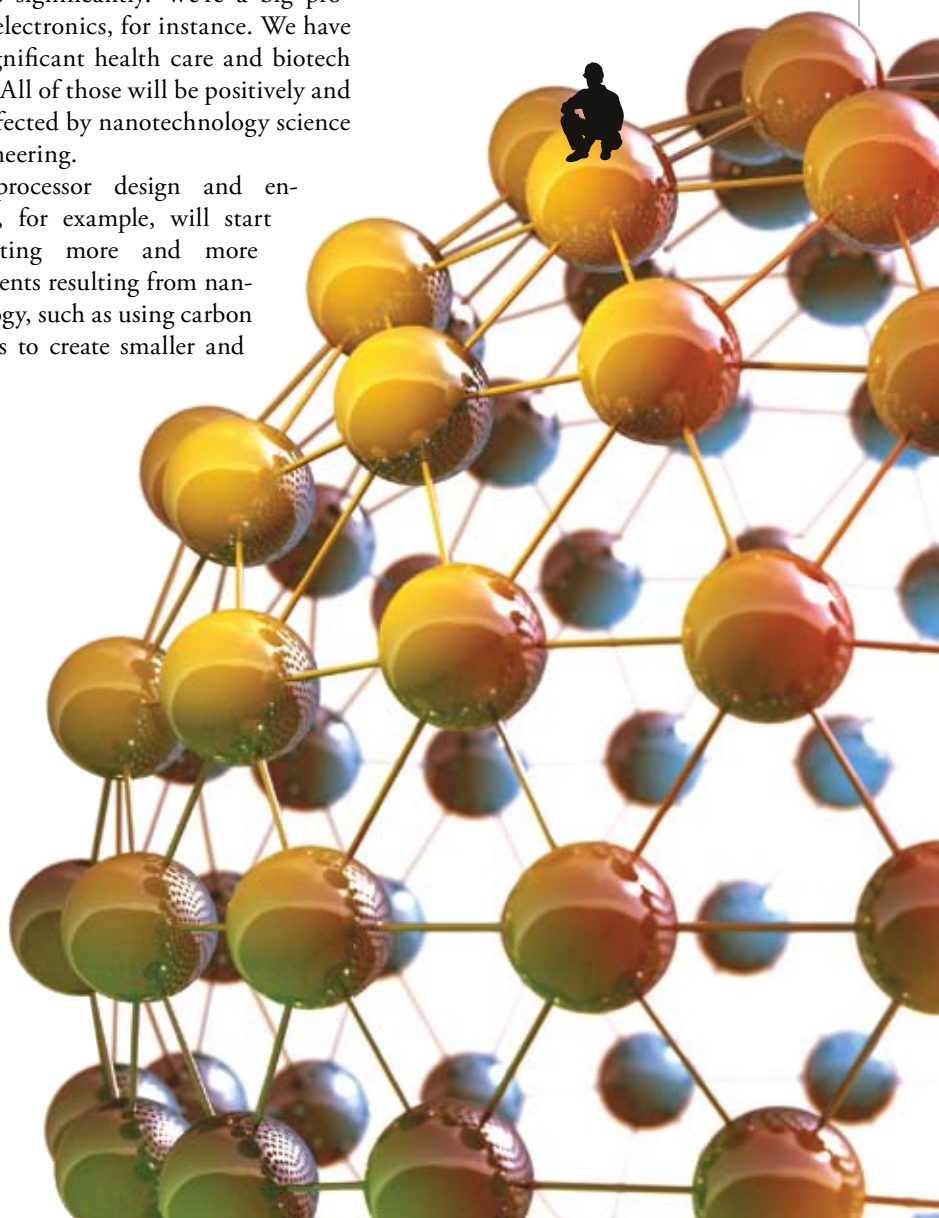
FN: Where are we likely to see the greatest initial effects for the Texas economy?

Kordzik: It will affect Texas’ major industries significantly. We’re a big producer of electronics, for instance. We have a very significant health care and biotech industry. All of those will be positively and hugely affected by nanotechnology science and engineering.

Microprocessor design and engineering, for example, will start incorporating more and more developments resulting from nanotechnology, such as using carbon nanotubes to create smaller and

smaller circuits and to handle the heat that will be generated every time we shrink computer chips. We still have to power them, and you’re just creating more and more heat in a smaller space. Nanotech will help solve both the miniaturization issue and the heat issue.

In the health care industry, we’re already starting to see development of targeted drug delivery in tiny structures called “nanoshells” to treat diseases such as diabetes and cancer.



FN: What can nanotech offer the energy industries?

Kordzik: We'll see big impacts in clean-energy technology. Fuel cells have great promise, and nanotechnology can provide ways of making them more efficient. Fuel cells require a catalyst, something that helps move a process along more efficiently. Using certain nanoparticles as catalysts can improve the fuel cell's efficiency significantly, and maybe increase the production of hydrogen within the cell so that it can be made smaller.

Then there's the use of batteries in hybrid cars. Nanotech will provide the ability to make them smaller and more powerful. In 10 to 15 years, I'll be surprised if at least half of the vehicles on our roads aren't hybrids. Nanotech will allow Texans like me, who like pickups [laughs], to finally have a hybrid at that size.

Consider wind turbines. We're installing a lot of them out in West Texas. Nanotech can make those devices more efficient because you can use nanoparticles for lubricants to reduce friction in the turbine. The materials used in the blades can be made lighter and stronger so that less wind is needed to turn them. And we can make the electrical lines with less resistance so that you can transport the electricity that's made more efficiently.

Then there's power storage. That's the Holy Grail for the whole power system. When you turn off your lights in your house, maybe you think you're saving electricity for the rest of the

world. But you're not, you're just lowering your own energy bill. The electricity is always there. It's being generated and pushed out onto the lines, and it's going to be used or it's not going to be used. It's not being stored anywhere. We can't do that right now.

A company in Nevada is making a very large prototype of an electrical storage unit for a power company. It uses nanoparticles to make it more efficient at retaining electricity. They're going to put it on the grid and try storing excess power.

FN: What can the state do to support nanotechnology? Should we be doing more?

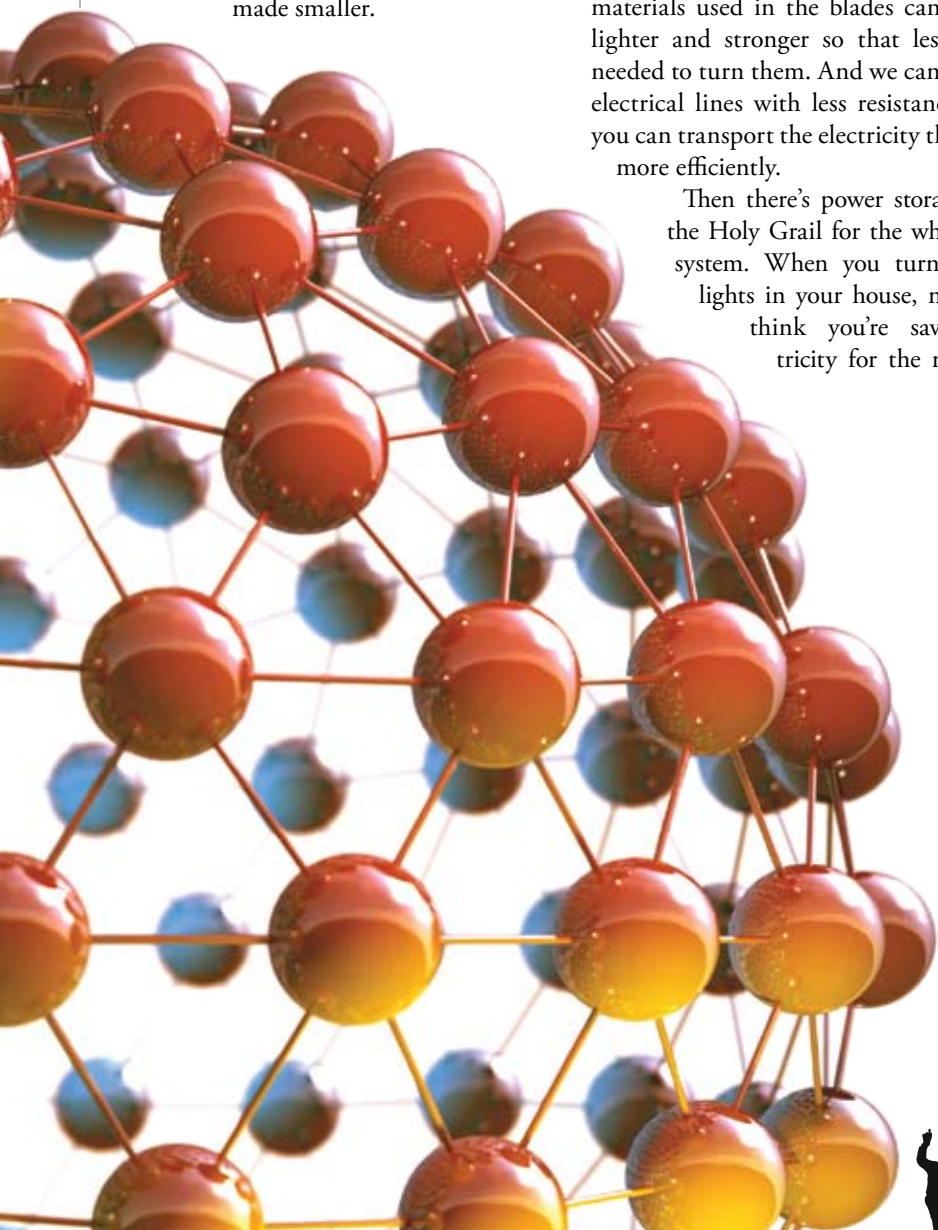
Kordzik: To date, about 30 percent of the Texas Emerging Technology Fund's assistance has gone to nanotechnology. There could be a fund just for nanotechnology. There's an obvious need. Nanotechnology is an important part of our future in Texas.

FN: Clearly, though, we'll need private investment as well.

Kordzik: Oh, yes. We also need venture funds to start investing in our nanotech research. Some of these are coming together now. Texas doesn't lag behind California or Massachusetts or anybody else in nanotech research within our universities. We're at the forefront. We're doing just as well — making just as many discoveries as anyone else. Once our major companies start investing more in nanotech research and development, nanotech in Texas will really take off. **FN**

For more information on the Texas Nanotechnology Initiative, see the organization's Web site at www.texasnano.org.

For more information on the Emerging Technology Fund, visit www.emergingtechfund.com.



The Economics of Obesity in Texas: *One Year Later*

Obese lifestyles remain one of the greatest threats to the health of Texans and the stability of their state economy.

About two-thirds of Texas' adult population is overweight or obese. This fact startles health care professionals who battle subsequent ailments such as hypertension, diabetes and heart disease. But obesity also severely affects Texas employers who often foot the bill for employee health care and absenteeism.

In March 2007, Texas Comptroller Susan Combs released a report, *Counting Costs and Calories: Measuring the Cost of Obesity*, which underscored the impact that overweight and obese Texans have on the state economy. In 2005, according to the report, obese workers cost Texas employers an estimated \$3.3 billion.

Because most Texans who carry private insurance are covered through their employer, business owners feel a disproportionate ripple effect of the economics of obesity, largely in the form of higher health care premiums. In 2005, employers paid almost three-quarters the total cost of private health insurance.

In Texas, Medicare and Medicaid costs attributable to obese Texans are more than \$5 billion annually.

One Year Later

Combs' report caught the eye of national media and researchers who often cite it as a call to action for parents and school officials, encouraging them to integrate healthier food options and increased physical activity into the lifestyles of Texas children.

The U.S. Surgeon General's Office reports that overweight children have a 70 percent chance of becoming overweight or obese adults. As a result, researchers largely agree that the forefront battle against obesity starts with lifestyle habits and education during childhood.

Dr. Patti Patterson, a professor of pediatrics at Texas Tech University Health Sciences Center who has previously served as commissioner of the Texas Department of Health, says many school officials across the state are implementing healthier school lunch menus alongside more comprehensive physical education programs as a result of increased awareness of the trappings of obesity.

"A lot of the changes we're seeing are the result of not only last year's report, but Susan Combs' efforts as Texas agriculture commissioner, where she worked to improve school lunches and push back against the sale of junk food on school grounds," she says.

In addition, Combs recently announced a plan that offered Texas schools access to \$20 million in funding to support in-school physical education, nutrition and fitness programs for students in grades 6 through 8 where enrollment is at least 75 percent economically disadvantaged.

The Texas Fitness Now grant program aims to foster academic environments in

Texas middle schools that encourage healthy lifestyle habits that will last into adulthood. Dollars awarded to schools can be used to buy PE equipment, progress-tracking devices such as heart monitors and pedometers, as well as instructional materials. In addition, 25 percent of the funds must be used to teach nutrition education.

To date, more than 250,000 Texas students from 605 schools have participated in the program.

Not A Moment Too Soon

In 2005, more than half of Texans aged 18 to 29 were overweight or obese, with those rates climbing with age. Those aged 30 to 44 registered a prevalence of 67.3 percent, and of those Texans aged 45 to 64, 71.3 percent were overweight or obese.

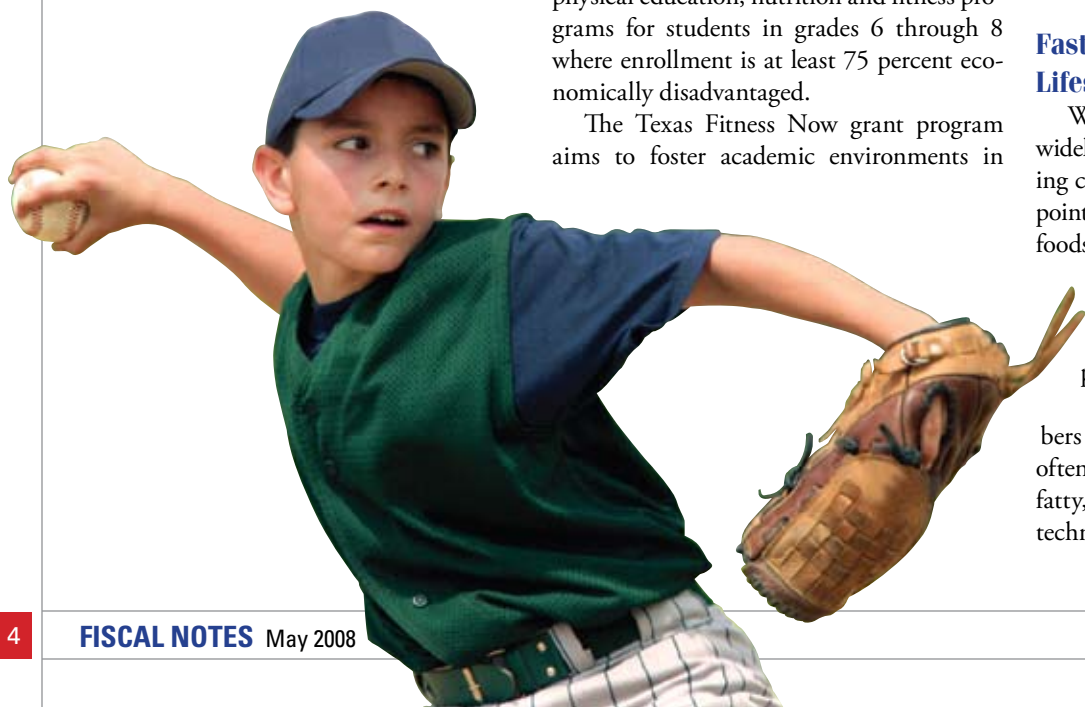
Medical researchers and economists are hoping Texas parents and educators will keep momentum on the push toward healthier lifestyles, not just for the sake of the overall health of Texans, but also for the state economy.

"Medicaid expenditures are significantly higher for obese kids," Patterson says. "These kids are having more health problems, and as a result, their parents are missing work to go to the doctor. But the really scary part is the higher risk of diabetes and hypertension, which results not only in poor health later in life but also greater economic costs."

Fast Food Culture, Sedentary Lifestyles

While the direct causes of obesity are not widely understood and likely caused by varying combinations of several factors, Patterson points to more parents and schools choosing foods that offer convenience and speed over nutrition, which combined with additional screen time in front of television and video games, creates a perfect storm of poor health.

"We're also seeing more prevalent numbers of obesity in rural areas, where families often still eat like farmhands with menus of fatty, filling foods, despite the integration of technology that has reduced their physical



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– Dr. Patti Patterson, former Texas Commissioner of Health and professor of pediatrics at Texas Tech University Health Sciences Center

activity out in the field," she says. "Poverty is also a high risk factor, which might explain why many inner-city children, as well as rural kids, are at a higher risk of obesity and its related ailments."

By the year 2025, the Comptroller projects that almost half of Texas adults will be obese and only about 14 percent will be of normal weight, which could result in Texas businesses paying more than \$15 billion annually, prompting immediate action to help curtail the health and economic effects. **FN**

To design a personalized eating plan that works for you and your children, visit www.mypyramid.gov.

What Can You Do?

If you suspect your child is at risk of being overweight or obese ...

- **Encourage five daily servings of fruits and vegetables.** Replace processed foods that are high in fat and calories with more natural selections.
- **Avoid "parenting by Twinkies."** Reward systems based on unhealthy foods as prizes for desired behavior encourage bad habits later in life.
- **Limit consumption of soft drinks.** Substitute water and milk for beverages high in sugar.
- **Limit TV, video game and computer time to fewer than 2 hours per day.** A direct correlation exists between screen time and obesity.
- **Encourage family activities that promote movement.** Even low-impact movement burns calories and builds muscle mass.
- **Eat at home while limiting fast food.** Meals prepared at home are usually many times healthier than take-out and fast food.

The habits of children often exist throughout the whole family, Dr. Patterson says. The key to a healthier family starts with small steps and finding fun ways to implement healthier habits.

Obesity Report

Prevalence of Texas children who were overweight or at risk of being so.

	Overweight	At risk of being overweight	Overweight and at risk of overweight
4th grade	23%	19%	42%
8th grade	20%	19%	39%
11th grade	19%	17%	36%

Source: UT School of Public Health, 2004-2005 (Latest data available)

Teens At Work

Kids' buying power packs economic punch.

Kathryn Glenn, 17, a senior at Anderson High School in Austin, works several hours each afternoon at her part-time job at a child care center. The job not only gives her valuable work experience — she hopes to possibly pursue a career in elementary education — but also gives her spending money.

"I'm going out of state for college, so I'm trying to save," says Glenn, who will attend the University of Mississippi next fall. "It's also just kind of nice to have some spending money. I like to go shopping a lot."

Glenn is typical of many Texas teens. Of the 1.4 million Texans aged 16 to 19 in 2006, about 460,000 were employed in the civilian labor market, either full- or part-time.

This segment of young workers wields serious buying power. Annual spending of 13- to 17-year-olds is estimated at more than \$30 billion, with median annual savings of \$478, according to the YouthPulse report by market research firm Harris Interactive. Buying power extends to younger kids as well. In the United States, kids aged 3 to 11 comprise a population of 36 million that had a collective \$18 billion in purchasing power in 2005, according to a report from market researcher Packaged Facts.

Summer Jobs

Logan Gibbs, 17, a junior at Round Rock High School, works two nights a week at his job at the pro shop at Westwood Country Club in Austin. His part-time job extends to almost full-time during summer breaks.

"Usually over the summer I work Monday, Wednesday, Friday and sometimes Sundays," Gibbs says. "Over the summer I work a seven-hour shift, sometimes more."

Toward the end of May, thousands of Texas teens like Gibbs will start their summer break and hit the job market, hoping to gain valuable work experience as employers begin hiring for the busy summer season.

From April to June 2006, more than 80,000 people entered the Texas labor force, including teenagers eager to gain valuable vocational experience or earn their first paychecks, according to the Texas Workforce Commission (TWC).



Employment Status

The number of Texas teens aged 16- to 19-years-old working full- or part-time jobs has fluctuated over recent years.

(Numbers in thousands)

Year	Total population	Labor force	Employed teens	Unemployed teens
2006	1,359	552	460	92
2005	1,260	489	388	101
2004	1,274	477	389	88
2003	1,219	495	389	106
2002	1,275	582	471	111
2001	1,246	605	507	98
2000	1,289	629	532	97

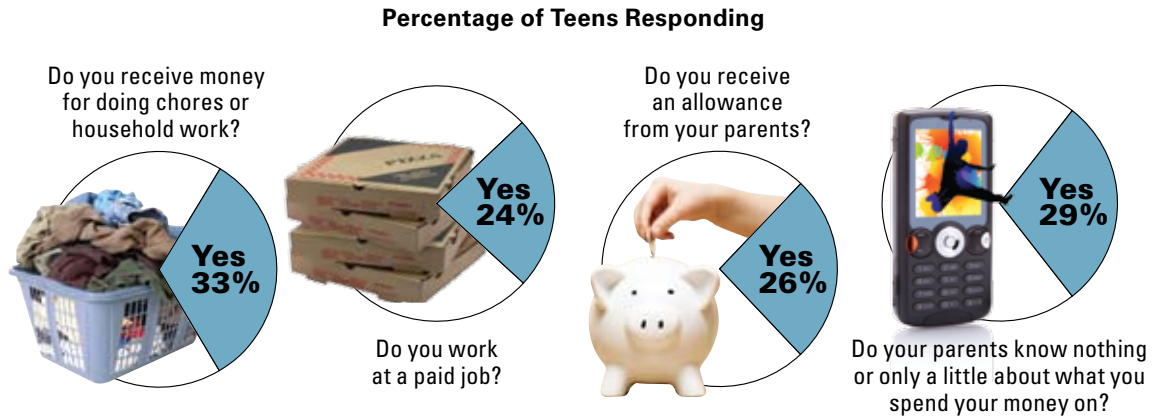
Source: U.S. Bureau of Labor Statistics

"Texas employers rely on teen workers each summer and recognize youth as integral to their success," says former TWC Chair Diane Rath. "The experience young workers gain will help them determine which work opportunities enable them to better develop and showcase their strengths."

A TWC youth employment contractor, Good Samaritan Community Services, helps youths in three counties in the Lower Rio Grande Valley region find work with participating employers. The nonprofit works with more than 200 employers, including grocery chain H-E-B, says Meg Ballantyne, communications manager for Good Samaritan Community Services.

Kids and Spending

Market research firm Harris Interactive conducted a 2004 YouthPulse survey of more than 2,000 U.S. youths aged 8 to 21, including 767 13- to 17-year-olds. The following is a sampling of questions posed to the 13- to 17-year-old survey participants.



Source: Harris Interactive 2004 YouthPulse report

“We help place them with an employer and they work 120 to 180 hours,” she says. “Our clients that are in school will complete their 120 to 180 hours during the summer. They learn ‘soft skills,’ or employability skills that employers look for such as interviewing skills, communication, problem solving, critical thinking, customer service skills and work ethic.”

More Workers

While Texas’ population has increased in recent years, the number of working teens has fluctuated. The 460,000 teens employed in Texas in 2006 represented an 18 percent jump from the 388,000 employed in 2005, but was a 13.5 percent fall from the 532,000 teens working in 2000.

Neither the Bureau of Labor Statistics nor TWC break down workers’ age groups by industry, so there are no statistics available on which specific industries draw the most teen workers. But traditional summer jobs in retail, restaurants, hotels and hospitality and amusement centers rely on their cadre of teen workers during the summers and on evenings and weekends throughout the year.

Each year Schlitterbahn hires more than 3,000 seasonal workers, many of them teen-agers, for its three water parks at South Padre Island, Galveston Island and its flagship park in New Braunfels.

“What makes it fun for our associates is not only that you’ve got a job and you’re saving for college, but we actively tout that you’ll make 2,000 friends this summer,” says Jeffrey Siebert, director of communications

Earning a Paycheck

The Texas Workforce Commission tracks wages by industry and occupation. Below is a sampling of entry-level wage information for several popular jobs for teens.

Texas Statewide Compensation Summary (Surveys taken between October 1999 and April 2007)

Occupation & Entry Level Hourly Wage

All occupations in all industries



Minimum wage



Amusement parks and arcades



Food service and drinking places (cashiers)



Clothing and clothing accessory stores



Electronics and appliance stores



Source: Texas Workforce Commission

for Schlitterbahn. “You’re surrounded by folks your age, not only from a working standpoint, but you’ll meet guests your age from all over the world.”

Siebert says Schlitterbahn parks offer a fun working environment for teens but also provide a positive starting point for their entry to the work force.

“For so many of our associates, it’s their first experience in the working world,” he says. “They’re going to learn life-long skills. The biggest thing you get besides a paycheck is a nice summer tan.”

Earning and Spending

Teens say they have an average of \$27.60 — \$2.40 more than in 2003 — a week to spend on themselves, according to the 2005 Roper Youth Report, a nationwide poll from consumer research firm NOP World. Teens are increasingly choosing to spend their money on technical gadgets. The report found that 18 percent of boys aged 13 to 17 surveyed owned an MP3 player and that 37 percent owned a DVD player. Digital cameras were also popular, with 23 percent of girls aged 13 to 17 saying they owned one.

Glenn says she makes around \$300 every two weeks at her part-time child-care job. She likes to spend her money on clothing.

“I like dresses a lot, purses and shoes,” she says.

Gibbs says he works mainly to earn money to pay for things crucial to a lot of teenagers — gas for his car and outings with his friends.

“I like to have money on the weekends,” he says. “It’s for gas and food. I basically live at Chipotle [Mexican Grill].” **FN**

Caring for Texas Children

Taking care of little ones is big business in Texas.

Texas' child care industry is one of the largest in the state. Quality child care not only benefits the caregivers and daycare owners but gives parents peace of mind and more productivity in their career endeavors.

"In this day and age, families cannot afford to live on just one income," says Sonja Davis, administrative director for the Texas Licensed Child Care Association. With a higher-than-average divorce rate, Texas is home to many single-parent households.

The Cost and Benefits of Care

The National Association of Child Care Resource and Referral Agencies shows Texas had 685,779 married parents of children under the age of six who both

worked in 2007. There were 500,026 single parents in the work force with children under the age of six.

Parents pay an average of \$5,564 a year for full-time child care at a center. Child care at a home-based facility costs slightly less at \$4,628 annually. Full-time care for an infant can take up to 28 percent of the median annual income of a family, which was last estimated at \$49,769.

"Daycare professionals are experts in taking care of preschool-aged children," Davis says. "Children who have been in child care centers are more than ready for school."

Children in day care have the added benefit of learning from their peers and developing their people skills early, and tend to transition to the social rigors of kindergarten easily, Davis says.

As a former owner of a daycare business, Davis says there's a balance between providing a quality service and making it affordable. **FN**



Child Care Facts:

- **Texas is home to 9,091 licensed child care centers, 1,604 licensed in-home day cares, 7,488 registered in-home day cares and 3,895 listed family homes.**

- **The Texas child care industry is expected to be the 11th-fastest growing industry through 2010. Child care outpaces communications and public relations in job growth and falls just behind home health care and medical offices.**

- **About 762,500 Texas children under age 13 are in licensed child care.**

Source: Texas Workforce Commission

Child Care Industry Influence

- The child care industry directly produces 109,000 jobs and \$1.4 billion in wages.
- Economic activity indirectly generated by child care employees and suppliers includes 35,970 jobs and \$933 million in wages.
- 4.9 million children aged 0-13 were living in Texas in 2006.
- Employment in the child care industry will increase by 32.8 percent by 2010, adding approximately 35,810 new jobs in Texas (an average of 5,115 a year).

Source: Texas Workforce Commission

Growth on the Horizon

The child care industry is expected to represent 1.1 percent of the total Texas employment by 2010 and contribute almost 1.9 percent of all new jobs.

According to the Bureau of Labor Statistics, the industry is expected to grow nationally by 18 percent. In Texas, the number of child care workers is expected to increase by 23 percent by 2014.



Author Tracey
Lamphere and
daughter Violet

I'll Sit in Traffic, She'll Go to College

Small sacrifices lead to big rewards.

It's hard for me to imagine Violet, my almost two-year-old, will head off to college in 2023. I have a huge task ahead of me: Saving enough money to finance her educational dreams.

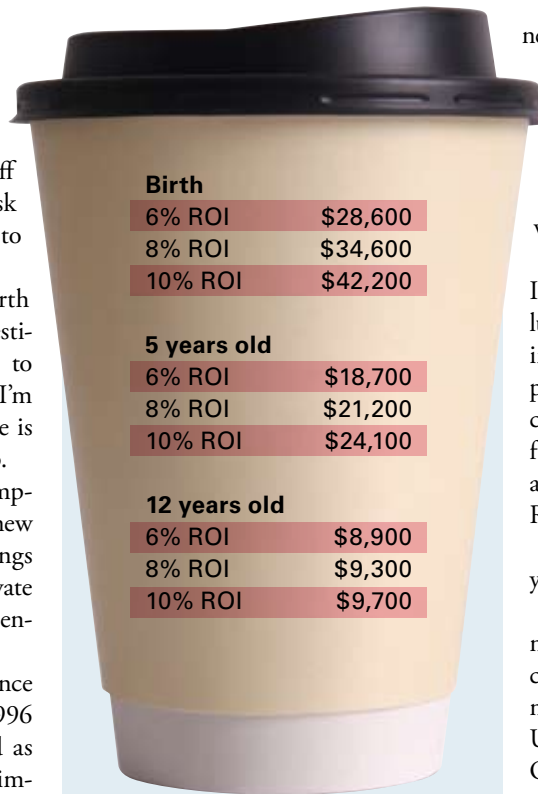
Four years at the University of North Texas, my alma mater, will cost an estimated \$114,800. If she wants to go to Harvard, that will cost \$429,000. I'm not a saver, and our household income is squarely middle-class. But there is help.

In November 2007, the Texas Comptroller of Public Accounts unveiled a new and improved Texas 529 College Savings Plan (TCSP) managed by OFI Private Investments Inc., a subsidiary of OppenheimerFunds Inc.

The 529 plans have been around since the U.S. Congress created them in 1996 and will eventually be as widely used as the 401k, says Bill Raynor, OppenheimerFunds vice president for 529 plans national sales. Raynor says paying for college comes down to one question for many families: Pay now or pay later?

"Do you want to earn interest or pay interest?" asks Raynor, whose daughters, ages 5 and 6, each have a fund. Raynor began with saving \$50 a month, and as his income grew, so did his fund contributions.

I opened a Texas College Savings Plan account in December with \$50, though it can be done with as little as \$25. The Oppenheimer calculator indicated that making a monthly payment of \$150 for the



Skippping that morning cappuccino

Skippping that \$3 cup of joe 5 days a week means big savings. In 15 years you would save \$8,900 at a 6% rate of return on your investment (ROI).

Start saving now through completion of your child's four years of college and you would build a substantial college nest egg.

Source: www.texascollegesavings.com

next 20 years (16 plus the four that Violet will be in school) at 6 percent return on investment (ROI) could produce \$57,000. At an 8 percent return, I would have nearly \$70,000. While it's only a portion of her college costs, I would rather have some than none.

For now I'll invest \$50 each month. I'll skip the toll roads, brown bag my lunch and brew my coffee at home. As my income changes – and Violet becomes a potty-trained preschooler – my child care costs can transfer over to her college fund. By December, I want to contribute at least \$250 each month. At 6 percent ROI that's \$100,000.

If you don't have 16 years to plan, say your child is 13, you still have time.

Raynor says any action is better than no action. You have nine years (five plus college) and your college costs won't be nearly as high as mine. In four years, UNT will cost about \$67,000, but as Oppenheimer points out, saving \$590 a month to reach that amount may not be feasible. But it's OK. This is not an all or nothing deal.

It's time to prioritize and sacrifice. If you scraped together \$350 each month for the next nine years, your 13-year-old, who has nothing saved now, would have more than \$51,000 at 8 percent ROI. It's a start. **FN**

For information on the Texas College Savings Plan visit www.texascollegesavings.com or the LoneStar Plan at www.lonestar529.com.

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Texans: In Demand

Manufacturing jobs earn workers with a high school education and some post-secondary training about \$47,000 annually, according to the U.S. Department of Labor. Welding, a crucially understaffed occupation, can earn skilled workers more than \$30,000 annually.

"In West Texas, there's tremendous demand for welders in the oil fields," Rath says. "In Southeast Texas, there's a \$15 billion capital investment occurring, mostly by oil

refineries, and they estimate they're going to need 13,000-15,000 skilled workers, many in construction and many in oil, with very high wages and great benefits packages."

Information technology certifications, medical equipment repair and diesel engine mechanics are also on the list of what Rath calls well-paying, in-demand jobs. And from El Paso to the Valley, employers and colleges are beginning to team up with schools.

"We're seeing employers being more involved with schools, and their collaborations have resulted in training, internships and educational funding," Rath says.

Tax incentives are fading in their importance to a moving or expanding employer, being replaced by the availability of a work force. Rath says Texas is well stocked.

"Texas has the critical natural resource, and that's people," she says. "Our challenge as a state is making sure those workers have the skills that employers will need in the long term."

"When we look at high-demand occupations, no longer is it sufficient to have a strong back and a good heart to earn a good wage. Today's employers require specific skills."

— Diane Rath, formerly of the Texas Workforce Commission

Strength in San Antonio

San Antonio-area high school students are working to meet that challenge at the Alamo Academies. The academy started its aerospace program in 2001, then added programs in

information technology and security (ITSA) in 2002 and manufacturing technology in 2004. The coursework prepares high school students for more than just job skills.

"The need for entry-level skilled workers with the willingness to learn and the capability to work as a team with discipline is huge in our nation right now," says Gene Bowman, the academy's director. "Learning is a lifetime event. You never stop learning."

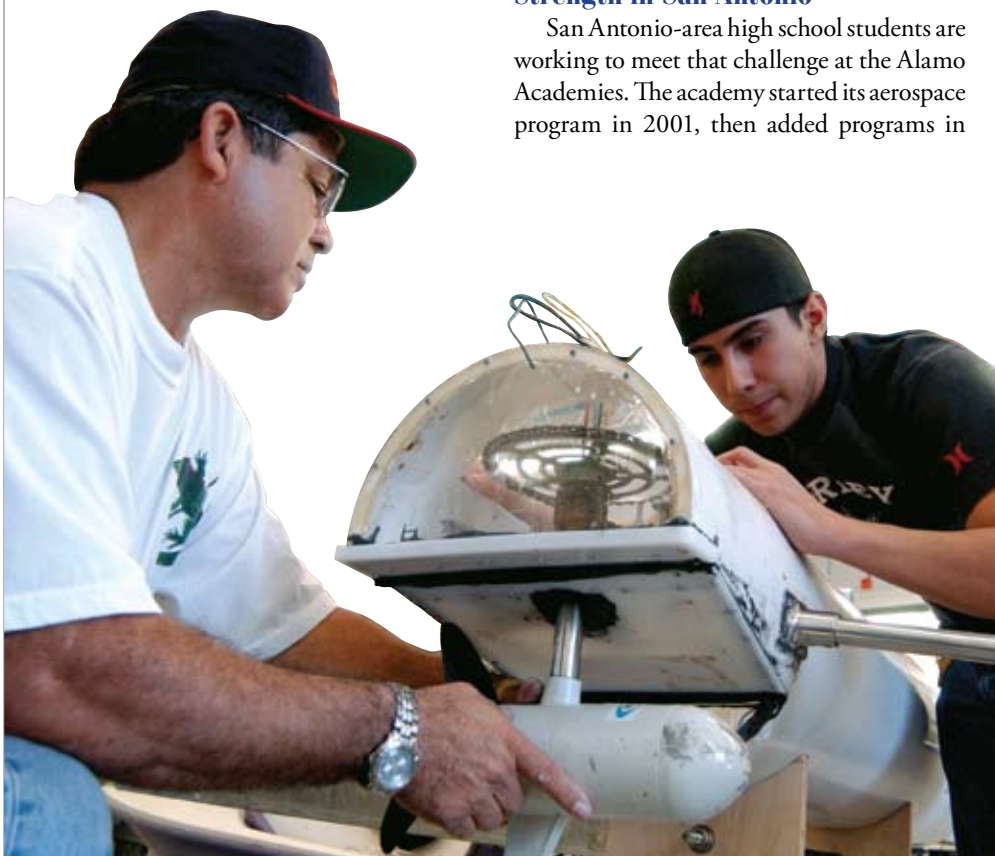
A collaboration among the Alamo Community College District, civic leaders, local school districts and local aerospace, information technology and manufacturing companies, the academy graduated its first students in 2002. More than 360 students have completed their course work at one of the three campuses. A fourth academy opened last year in the nearby New Braunfels/Seguin area. The academy will expand to five campuses in 2008 with the addition of a new ITSA program at the New Braunfels site.

Eligible students come from all of the independent school districts in San Antonio, area private schools and home school programs. The school districts provide transportation to and from a student's home campus.

Once on campus, whether the coursework is aerospace, manufacturing or IT, it's applying what they are learning that makes the difference, Bowman says.

Summer Payoff

The Alamo Academies and several San Antonio-area industry partners offer eight-week, 40-hour-per-week paid internships to academy students. Students can earn more than \$2,500 for the summer, and sponsoring companies have hired several students following graduation. Partnering companies include Lockheed Martin, Boeing, Rackspace and Texas Composites.



The hands-on approach is one of the highlights for Eric De La Rosa, a senior interested in manufacturing, robotics and welding in the Manufacturing Technology Academy.

“All aspects of the program, class work and shop time are exciting and informative,” says De La Rosa. “What interests me is that most of the tasks that we perform are hands-on. There’s a bit of book work, but that’s for your safety and knowledge in the shop.”

The majority of academy graduates continue their higher education through either two- or four-year programs. Many continue to work and go to college at the same time with the employer paying for their college courses, what Bowman calls a win-win situation for academy graduates and industry partners.

More than 98 percent of academy graduates have gone on to continue higher

“The need for entry-level skilled workers with the willingness to learn and the capability to work as a team with discipline is huge in our nation right now.”

– Gene Bowman, Alamo Academies

education, work in aerospace, IT or manufacturing industries or to join the military. For those who join the work force, an average starting salary and benefits

package of \$27,730 – better than \$10 an hour – awaits.

Academy graduates take with them not only their job skills but also an understanding of commitment, teamwork and dedication.







De La Rosa expects his experience to give him a head start on the employment trail.

“I will take with me the basic understanding of the importance of one’s profession and the dedication and time it takes to complete a task successfully,” he says. **FN**

The Texas Education Agency provides information on career and technology education programs at www.tea.state.tx.us/cte.

Job Expansion

Texas’ total employment is projected to grow by 20 percent by 2014.

Industry	Projected increase (%)	
Aerospace product and parts manufacturing	20	
Automotive repair and maintenance	17	
Oil and gas extraction	15	
Machinery manufacturing	14	
Steel product manufacturing	14	
Plastics product manufacturing	10	

Source: Texas Workforce Commission

Building on Success

School’s end in 2008 will close the second year for Denton’s Sarah and Troy Lagrone Advanced Technology Complex (ATC). The ATC, featured in the December 2006 issue of *Fiscal Notes*, will soon expand its class offerings.

“We jumped from about 1,200 students the first year to about 1,400 in the second,” says Marty Thompson, the ATC’s director.

The ATC offers specialized coursework in engineering and aerospace, among others. In 2009, it will add pre-veterinary and pre-law internships to the course list along with preparatory L.V.N. and computer technology coursework.

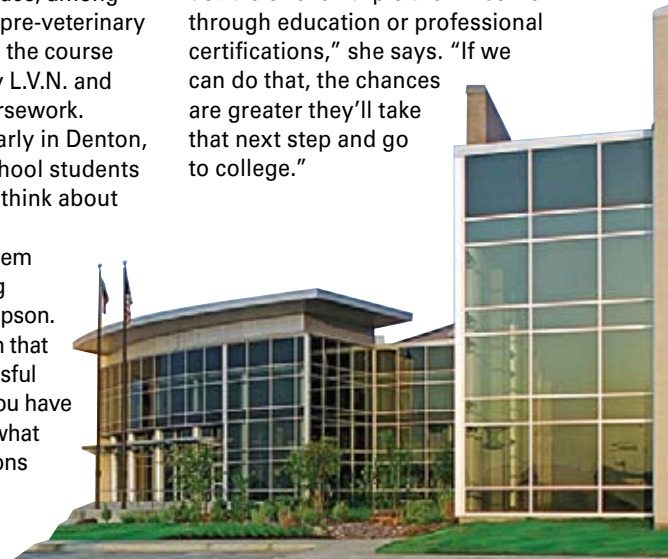
And they are starting early in Denton, reaching out to middle school students and encouraging them to think about the future.

“You have to motivate them early, when they’re entering middle school,” says Thompson. “We’re trying to teach them that if you’re going to be successful in high school or college, you have to plan. You have to know what the high-demand occupations are looking for.”

The ATC opened its doors to middle-school students in summer 2007 for a week-long camp. Round two is slated for summer 2008.

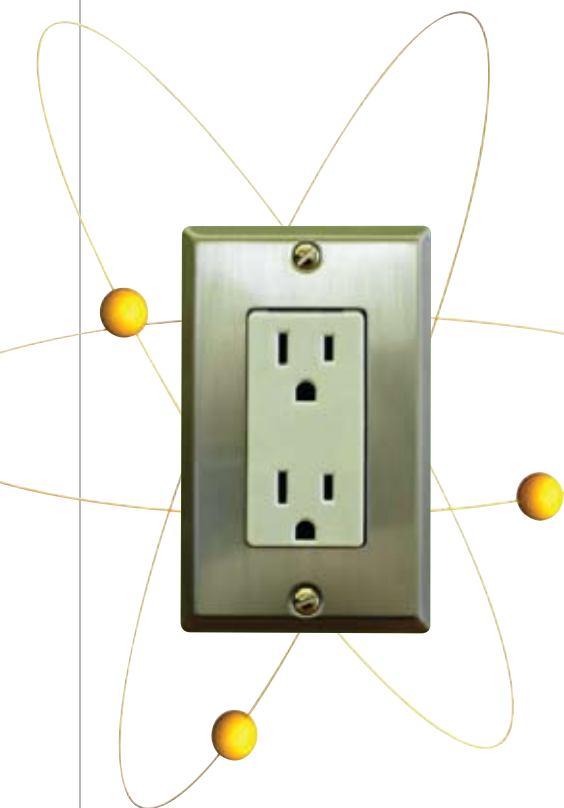
About 45 percent of ATC students are at-risk students from socioeconomically disadvantaged homes. Giving them chances to help themselves is what it’s about, Thompson says.

“We try to reach that kid and that family and show them ways to double or even triple their income through education or professional certifications,” she says. “If we can do that, the chances are greater they’ll take that next step and go to college.”



Brief Bytes

A quick look at news shaping the state economy



Victoria May Be Site of Nuclear Power Plant

Chicago-based Exelon Nuclear selected a site near Victoria as the location for a possible new nuclear power plant.

Exelon expects to submit an application to the Nuclear Regulatory Commission for building and operating a nuclear power plant in September 2008.

The proposed site is an 11,500-acre tract about 20 miles south of Victoria in Victoria County. If built, the facility would use a man-made freshwater lake for cooling.

"We believe nuclear energy is a key part of Texas' future energy mix because of its inherent environmental and energy independence benefits," says Thomas O'Neill, Exelon Nuclear's vice president of new plant development.

For more information, contact Craig Nesbit, Exelon Nuclear, at (630) 657-4208.
(Karen Hudgins)

UT Southwestern Wins \$5M for Lupus Research

The University of Texas (UT) Southwestern Medical Center at Dallas has won a five-year, \$5 million grant from the National Institutes of Health to study lupus.

Lupus is a chronic autoimmune disease that causes the immune system to attack the body's own tissue and organs, including the joints, kidneys, heart, lungs, brain, blood or skin.

"There are a limited number of these centers around the country, so this is a major accomplishment for UT Southwestern," says Dr. David Karp, chief of rheumatic diseases for UT Southwestern.

Under principal investigators Dr. Chandra Mohan and Dr. Nancy Olsen, the project brings together UT Southwestern researchers from the departments of immunology, microbiology and clinical sciences, along with researchers from the Baylor Institute of Immunological Research.

Approximately 1.5 million Americans have a form of lupus, according to the Lupus Foundation of America. The annual average cost to provide medical treatment for a person with lupus ranges from \$6,000 to \$10,000 or more.

For more information, contact Erin Prather Stafford, UT Southwestern Medical Center, at (214) 648-3404.

(Karen Hudgins)

Health Plan Proposed for Uninsured Children



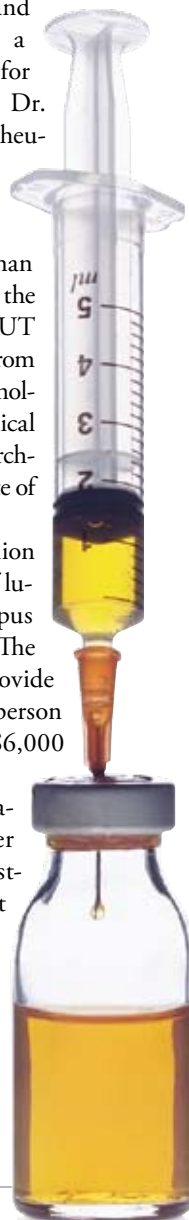
Texas Attorney General Greg Abbott has proposed a health insurance plan that would use private insurance to cover an estimated 200,000 uninsured children in the state's child support system.

Under Abbott's proposed plan, a private insurer would contract with the state to cover this entire group of children. The proposal would not change the existing statutory preference that requires a parent to enroll a child in employer-based insurance if it is available at a reasonable cost. In the absence of employer-based insurance at a reasonable cost, a court would assess whether the contracted plan premiums would be reasonable. If so, the court would order the parent to enroll the child in the contracted plan and would issue an order requiring the premiums to be withheld from the parent's paycheck.

Abbott is working with the Texas Department of Insurance, the Texas Association of Health Plans, the Governor's Office and private providers to shape the proposal. The plan would require a change by the Texas Legislature to go into effect, so Abbott's office is preparing the proposal in anticipation of the 81st legislative session in 2009.

For more information, contact Janece Rolfe, Office of the Attorney General Child Support Division, at (512) 460-6414.

(Karen Hudgins)





Teacher Shortage

Nine out of 10 urban school districts report a shortage of special education teachers. School districts in Dallas, Austin, San Antonio and El Paso opened in 2007 with numerous vacancies in special education classrooms at all levels, according to Texas Teaching Fellows, an accelerated alternative certification program that recruits and trains professionals and recent graduates to become teachers.

Texas Teaching Fellows' mission is to help close the achievement gap by providing school districts with qualified, effective teachers who are dedicated to working in the schools and districts where they are most needed.

"Since the program's inception in 2005, Texas Teaching Fellows has helped fill nearly 500 teaching positions in some of the state's most high-need districts, and approximately one quarter of these individuals filled special education vacancies," says Mindy Weber, site director for Texas Teaching Fellows in Austin.

For more information, visit www.texas-teachingfellows.org.

(Karen Hudgins)

San Antonio Airport Wins Port of Entry Status

The San Antonio International Airport (SAIA) has been designated a permanent port of entry by the Department of Homeland Security and Customs Border Protection. The designation will allow private aircraft arriving in the United States from foreign countries to fly directly into SAIA and clear customs.

Homeland Security Secretary Michael Chertoff signed the final approval designation. It went into effect April 7, 2008. SAIA made the request for permanent port of entry status in December 2006. This designation has been a top priority for Smith, the city of San Antonio and local business community.

"This designation will significantly enhance business, commerce and trade relationships throughout Mexico," says U.S. Rep. Lamar Smith. "The City of San Antonio will benefit from this greatly."

For more information, contact the San Antonio International Airport at www.san-antonio.gov/aviation/ or call (210) 207-3534.

(Karen Hudgins)



Technology Dollars in the Classroom

A new book examines how educators can overcome personnel and budget limitations to provide students with the technological resources needed for success in the classroom.

Managing Technology in Our Schools, by Betsy Price of the University of Texas at Brownsville, examines how educators can stretch technology and dollars further.

"For example, electronic curriculum has the ability to present material in different formats for various learning styles," Price says. "There is potential for electronic formats to not only solve the expensive problem of supplying enough textbooks, but it also means we can more effectively teach with the resources we have."

For more information, contact Price directly at betsy.price@utb.edu.

(Michael Castellon)

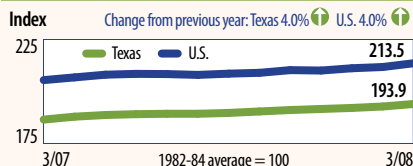


Texas by the Numbers

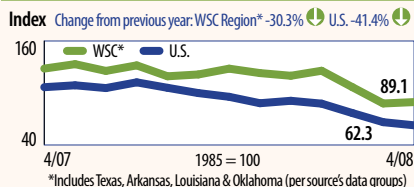
Key Texas Economic Indicators

Texas ranked first in job growth over the past year, adding nearly three jobs for every additional job in the state ranking second. Still, the rate of Texas job growth is slowing. Consumer confidence is at its lowest level in five years in both the nation and in the region including Texas. Texas is weathering the national slowdown better than most states because of solid growth in oil and gas, an industry where Texas' concentration of business activity is five times the national average.

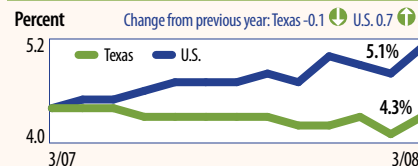
Consumer Price Index



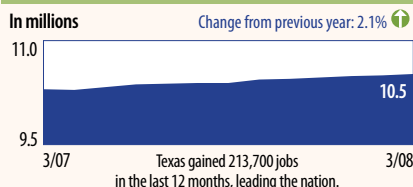
Consumer Confidence Index



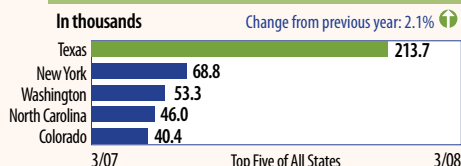
Unemployment Rate



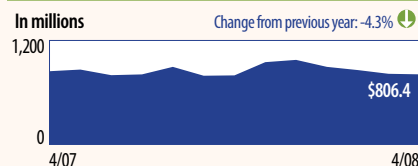
Nonfarm Employment



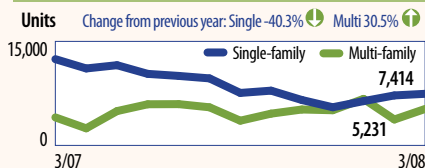
Change in Nonfarm Employment



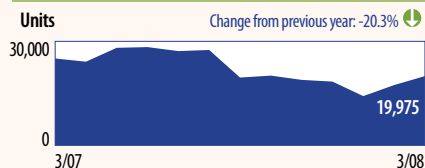
State Sales Tax Collections, Retail Establishments



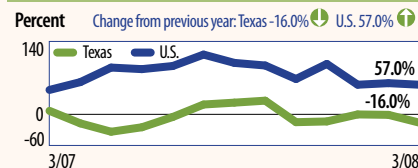
Housing Permits



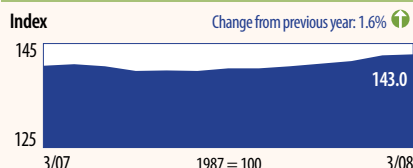
Existing Single-family Home Sales



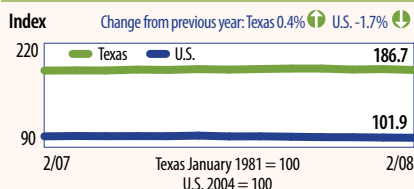
Mortgage Foreclosures, Annual Change



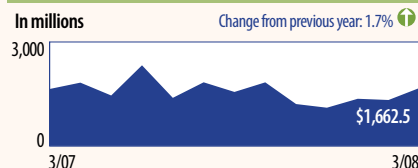
Industrial Production Index



Leading Economic Indicators Index



Contract Value, Non-Residential Building Construction



Texas Production and Consumption Indicators

	Crude Oil Production	Natural Gas Production	Active Oil & Gas Drilling Rigs	Motor Fuels Taxed		Median Sale Price, Existing Single-family Home	Auto Sales	Cigarettes Taxed
	Value (Millions)	Value (Millions)	Units	Gasoline (Millions of Gallons)	Diesel (Millions of Gallons)	Dollars	Net Value (Millions)	Packages of 20 (Millions)
Date								
2006	\$19,657.5	\$19,852.1	746	11,372.8	3,731.6	\$143,100	\$45,756.2	1,280.2
2007	21,412.7	25,662.4	834	11,624.8	3,886.9	147,500	48,500.6	1,085.8
Feb-07	\$1,350.6	\$1,809.0	813	923.2	299.5	\$140,600	\$3,669.5	68.5
Mar-07	1,542.7	2,119.0	818	880.2	304.8	144,700	3,717.8	96.9
Apr-07	1,558.2	2,087.2	824	968.2	369.2	146,400	4,128.7	109.7
May-07	1,557.8	2,395.4	829	983.1	248.5	149,200	4,233.3	92.3
Jun-07	1,556.1	2,418.2	834	1,002.3	326.8	155,000	4,227.3	89.5
Jul-07	1,769.9	2,286.8	831	978.2	326.3	152,200	4,159.0	96.2
Aug-07	1,790.1	2,132.8	844	974.3	320.5	152,700	4,368.3	151.3
Sep-07	1,982.5	1,984.9	837	1,021.1	360.6	146,900	4,383.8	29.3
Oct-07	2,260.8	2,244.2	842	939.6	315.9	143,400	4,294.2	96.1
Nov-07	2,411.3	2,163.6	860	1,025.7	371.5	144,900	4,303.5	92.8
Dec-07	2,309.7	2,416.0	884	965.8	342.4	147,500	3,678.9	88.2
Jan-08	2,422.1	2,431.5	858	985.8	313.7	138,600	3,828.5	76.7
Feb-08	2,284.4		866	954.2	343.2	142,500	4,034.0	80.2
Mar-08			881	950.6	324.1	147,100	3,840.8	79.1
Apr-08			887	1,010.4	281.1		3,940.0	90.5

March Cash Condition¹

(Amounts in millions)	General Revenue	Other Funds	Total Cash
Beginning Balance March 1, 2008	\$9,780.4	\$17,186.5	\$26,966.9
Revenue/Expenditures			
Revenue	5,543.5	1,533.4	7,076.9
Expenditures	4,945.7	1,901.0	6,846.7
Net Income (outgo)	\$597.8	\$-367.6	\$230.2
Net Interfund Transfers and Investment Transactions	\$-629.4	\$411.2	\$-218.2
Total Transactions	-31.6	43.6	12.0
End Cash Balance March 31, 2008²	\$9,748.8	\$17,230.1	\$26,978.9

¹ Cash stated is from the Comptroller's Uniform Statewide Accounting System (USAS) and will vary from the amounts reflected in the cash accounts of the Treasury Operations Division of the Comptroller's office due to timing differences. Net amounts shown (less refunds) exclude funds that are authorized to be held outside the State Treasury and are not processed through USAS. Suspense and Trust Funds are included, as are unemployment compensation trust funds collected by the state but held in the Federal Treasury. Totals may not add due to rounding.

² The ending General Revenue Fund Balance includes \$4.6 billion derived from the sale of cash management notes.

State Revenue/All Funds¹

(Amounts in millions)	Monthly Revenue Mar. 2008	Fiscal Year-to-Date Sept. 2007-Mar. 2008 Revenue	% Change YTD/YTD
Tax Collections by Major Tax			
Sales Tax	\$1,652.8	\$12,351.3	7.2%
Oil Production Tax	106.6	709.8	51.5
Natural Gas Production Tax	190.8	1,327.3	23.9
Motor Fuel Taxes	248.0	1,815.3	3.5
Motor Vehicle Sales Tax	271.1	1,945.5	6.2
Franchise Tax	65.0	77.0	-80.2
Cigarette & Tobacco Taxes	113.7	787.5	42.0
Alcoholic Beverages Tax	63.6	443.8	8.1
Insurance Companies Tax	317.0	872.3	5.2
Utility Taxes ²	0.4	230.0	-3.4
Inheritance Tax	0.1	4.3	16.3
Hotel/Motel Tax	29.8	199.7	10.1
Other Taxes ³	8.7	370.0	-17.6
Total Tax Collections	\$3,067.7	\$21,133.9	7.2%
Revenue by Receipt Type			
Tax Collections	\$3,067.7	\$21,133.9	7.2%
Federal Income	1,974.0	14,539.1	8.1
Interest and Investment Income	281.8	1,780.8	18.1
Licenses, fees, permits, fines,	480.0	7,332.2	110.2
Contributions to Employee Benefits	420.7	2,675.2	7.4
Sales of Goods and Services	32.1	273.0	14.5
Land Income	84.2	538.3	10.7
Net Lottery Proceeds ⁴	119.7	941.1	2.6
Other Revenue Sources	616.8	4,061.1	6.4
Total Net Revenue	\$7,076.9	\$53,274.7	15.6%

¹ Excludes revenues for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

² Includes the utility, gas utility administration and public utility gross receipts taxes.

³ Includes the cement and sulphur taxes and other occupation and gross receipt taxes not separately identified.

⁴ Gross sales less retailer commissions and the smaller prizes paid by retailers.

Notes:

Crude oil and natural gas figures are net taxable values. Gasoline gallons include gasoline. Auto sale values are calculated from motor vehicle taxes collected on new and used vehicle sales. All figures are seasonally adjusted, except for sales tax collections; rigs; consumer price; housing permits/sales/prices; and consumer confidence. Figures are based on most recent available data. Annual figures are for calendar years.

Sources:

Key Texas Economic Indicators:

Consumer Price Index: U.S. Bureau of Labor Statistics
Consumer Confidence Index, Leading Indicators Index (U.S.): The Conference Board
Unemployment Rate: Texas Workforce Commission, U.S. Bureau of Labor Statistics
Nonfarm Employment, Change in Nonfarm Employment: Texas Workforce Commission
Leading Indicators Index, State Sales Tax Collections, Retail Establishments:
Texas Comptroller of Public Accounts
Texas Housing Permits (Single- Multi-family), Existing Single-family Home Sales: The Real Estate Center at Texas A&M University

Industrial Production Index: Federal Reserve Bank of Dallas
Contract Value, Non-Residential Building Construction: McGraw-Hill
Mortgage Foreclosures, Annual Change: RealtyTrac

Texas Production and Consumption Indicators:

Crude Oil, Natural Gas, Motor Fuels, Auto Sales, Cigarettes: Texas Comptroller of Public Accounts
Active Oil & Gas Drilling Rigs: Baker-Hughes Incorporated
Median Sale Price, Existing Single-family Home: The Real Estate Center at Texas A&M University

State Expenditures/All Funds¹

(Amounts in millions)	Monthly Expenditures Mar. 2008	Fiscal Year-to-Date Sept. 2007-Mar. 2008 Expenditures	% Change YTD/YTD
By Object			
Salaries and Wages	\$831.4	\$5,802.3	4.0%
Employee Benefits/Teacher Retirement Contribution	705.3	4,870.1	6.9
Supplies and Materials	74.8	541.0	21.7
Other Expenditures	227.8	1,581.1	9.2
Public Assistance Payments	2,847.5	18,696.0	13.5
Intergovernmental Payments:			
Foundation School Program Grants	598.3	13,204.7	31.9
Other Public Education Grants	948.0	2,669.8	3.6
Grants to Higher Education	104.2	592.3	7.1
Other Grants	164.4	1,215.8	8.6
Travel	11.8	82.4	9.8
Professional Services and Fees	103.7	1,206.0	6.5
Payment of Interest/Debt Service	210.7	570.9	13.3
Highway Construction and Maintenance	393.7	3,068.4	-9.2
Capital Outlay	36.1	265.0	34.6
Repairs and Maintenance	49.2	375.3	15.7
Communications and Utilities	49.6	285.5	-20.8
Rentals and Leases	18.6	153.2	4.9
Claims and Judgments	5.3	69.1	47.2
Cost of Goods Sold	60.7	481.8	13.1
Printing and Reproduction	3.8	26.6	3.7
Total Net Expenditures	\$6,846.7	\$55,757.2	13.0%

By Function

General Government			
Executive	\$470.6	\$3,143.7	7.2%
Legislative	9.2	73.5	-0.4
Judicial	15.6	139.8	3.6
Subtotal	495.3	3,357.0	6.8
Health and Human Services	2,713.4	17,861.5	12.1
Public Safety and Corrections	327.1	2,470.4	8.0
Transportation	586.2	4,524.5	-3.4
Natural Resources/Recreational Services	148.8	1,149.3	9.8
Education	1,659.4	20,916.1	21.2
Regulatory Agencies	21.0	174.0	22.8
Employee Benefits	614.4	4,229.1	8.1
Debt Service—Interest	210.7	570.9	13.3
Capital Outlay	36.1	265.0	34.6
Lottery Winnings Paid ²	34.5	239.4	-3.2
Total Net Expenditures	\$6,846.7	\$55,757.2	13.0%

¹ Excludes expenditures for funds that are authorized to be held outside the State Treasury and are not processed through USAS. Totals may not add due to rounding.

² Does not include payments made by retailers. Previously shown as "Other expenditures."

Some revenue and expenditure items have been reclassified, changing year-to-date totals. The ending cash balance is not affected because changes reflected in "total net revenues" and "total net expenditures" offset changes in "net interfund transfers and investments transactions" in the cash condition table.

Revenues and expenditures are reported for the most recent month available and as a running total for the current fiscal year-to-date. In addition, year-to-date figures are compared with the same period in the last fiscal year. These comparisons are reported as percentage changes, which may be positive or negative (shown by a minus sign).

Trust fund transactions are included within revenues and expenditures in the "all funds" presentations. Trust funds are not available to the state for general spending.



FISCAL NOTES is one of the ways the Comptroller's office strives to assist taxpayers and the people of Texas. The newsletter is a by-product of the Comptroller's constitutional responsibilities to monitor the state's economy and to estimate state government revenues.

FISCAL NOTES also provides a monthly summary of the financial statements for the State of Texas.

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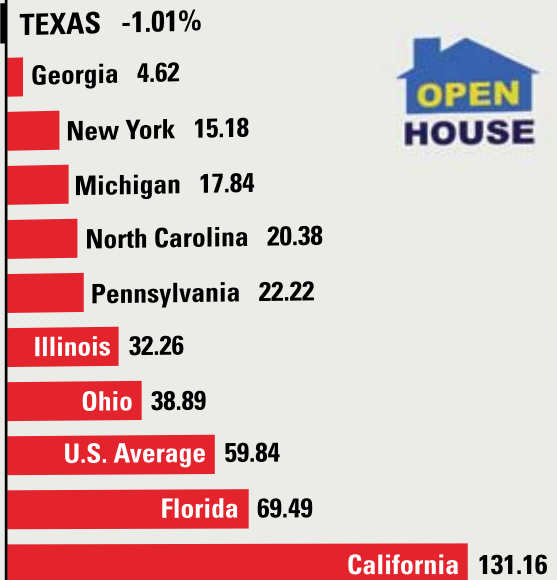
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Publication #96-369,
May 2008

Weathering the Storm

Texas was the only one of the 10 most populous states that saw a decrease in foreclosure activity over the year ending in February 2008.

Percent Change In Foreclosure Filings State Feb. 2007-Feb. 2008



Source: Realtytrac.com

FISCAL NOTES

A Monthly Review of the Texas Economy from the Office of Susan Combs, Texas Comptroller of Public Accounts

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